Methodist Trust Association

ANNUAL REPORT

45th Annual Report and Accounts
30 June 2023

Chairman's Letter

Dear Depositor,

It is my pleasure to provide you with the Annual Report for the New Zealand Methodist Trust Association for the year ended 30 June 2023.

Financial Performance

Given the challenges that equity markets continue to face in a post-covid environment, the results of the MTA funds for the 2023 year have been ahead of or in line with forecasts and represent a solid return to depositors in the uncertain climate.

The Growth and Income Fund return of over 10% was a highlight, with a return that would have been even higher if not for a retraction in property investment values that gave back some of previous years' gains.

This writeback also affected the Income Fund, which came in on forecast.

Moving forward, the focus for our funds is to continue to outperform the benchmarks we have set and to continue our in-depth research activities to find undervalued stocks. We also continue to put resource into ensuring we are fulfilling our Responsible Investment criteria which is challenging in an ever-changing investment landscape. This remains a key priority as a Methodist based investment Trust.

Governance

The Methodist Trust Association is governed by a Board of Trustees appointed by the Conference of the Methodist Church.

We have had consistency within our Board membership in the 2023 year and I am extremely proud of the diverse group of individuals who come together to formulate the governance requirements of the Methodist Trust Association.

We remain a skill-based Board, but one that is always mindful of keeping the essence of the Methodist Church of New Zealand at our heart, and as a key component of our decision making.

My thanks go out to all the members of my Board for the hard work and insightful decision making they have provided again this year.

Recognition

I would again like to recognise the excellent work of Stephen Walker, our Executive Officer, for achieving the results we have seen this year and for being an absolute pleasure to work alongside.

With a clear focus of strategy looking ahead to 2024, we are excited about the opportunities in front of us.

Kind regards,

Dave Johnston

Dave Johnston
Chairman
Board of the New Zealand Methodist Trust Association

New Zealand Methodist Trust Association

45th Annual Report to Depositors 2023

The New Zealand Methodist Trust Association (MTA) was established by Conference in 1978 for the cooperative accumulation and commercial investment of the funds of the Methodist Church of New Zealand. All investments are held for the benefit of depositors with MTA. All income received by MTA, after the payment of expenses, is distributed to depositors through quarterly income distributions. Each year we revalue the property and equity assets of both the Growth and Income Fund and the Income Fund, with the resultant change in value spread amongst the depositors in the respective Funds. These changes in value are distributed as capital distributions in the June quarter.

Investment with MTA is restricted to groups, organisations and bodies responsible wholly, or in part, to the Conference of the Methodist Church of New Zealand. MTA does not accept any 'outside' investors. MTA is a fund of the Conference of the Methodist Church of New Zealand.

The June 2023 financial year was a positive year for the MTA's depositors, with an excellent result achieved for the Growth & Income Fund.

As always, MTA received excellent support from the Connexion during the year.

Financial Results

MTA's purpose is to support the mission of the Methodist Church of New Zealand by generating strong investment returns for our depositors. Therefore, all income received is distributed to our depositors, so they are better able to meet the mission of the Church.

The 2023 financial year was volatile and challenging in the financial markets, with global equity markets bouncing around and finishing the December half-year roughly flat, only to rally strongly in the second half of the year.

We are pleased with the returns generated during the 2023 Financial Year, for both funds. We generated total returns of 3.24% for the Income Fund and 10.91% for the Growth and Income Fund.

Total deposits with MTA increased by $18.6m during the year to a total of $332.2m on 30 June 2023. Over the past decade total deposits with MTA have grown by $89.7m.

During the 2023 financial year, deposits in the Income Fund increased by $4.0m to $157.2m, due to additional deposits into the Fund.

Deposits in the Growth and Income Fund increased by $14.6m to $175.0m, primarily due to the capital increase of $13.5m on 30 June 2023.

Income distributions to depositors for the year rose $3.4m to $10.1m, with total distributions, including the capital adjustments, being $22.5m.

MTA strives to be an efficient manager of the Church's funds, endeavouring to minimise the costs of administration and maintain the distributions at attractive rates. For the year the Fund's expenses, both management commissions and out of pocket expenses, totaled $1.65m, an expense ratio on closing assets under management of 0.513%.

Expense Ratios			
Year	**Income Fund**	**Growth & Income Fund**	**MTA Total Ratio**
2015	0.424%	0.432%	0.428%
2016	0.412%	0.449%	0.427%
2017	0.373%	0.447%	0.413%
2018	0.399%	0.504%	0.449%
2019	0.356%	0.496%	0.424%
2020	0.333%	0.576%	0.450%
2021	0.278%	0.598%	0.445%
2022	0.298%	0.723%	0.526%
2023	0.345%	0.668%	0.513%

As discussed in previous reports, the management fee structure for the Income Fund is based on the amount of income the Fund receives. As interest rates declined the expense ratio for this fund reduced proportionately. With income returns now rising the Fund's expense ratio has increased in 2023. We expect the expense ratio to continue increasing as income returns continue to increase over the next few years.

The Growth and Income Fund has a higher cost structure, as it incurs higher costs for investment systems, custodial services, and brokerage expenses. During 2023, the management fee paid to the Board of Administration slightly decreased from 2022, reflecting a lower average fund value through the 2023 year, compared to 2022.

For the Growth and Income Fund, total expenses decreased by $105,000 from 2022, including lower management fees (-$37,000) and lower brokerage costs (-$57,000) due to lower transaction volumes.

The Board and management of MTA continue to be extremely conscious of both the significant confidence and trust placed in them by the Church and the importance of MTA continuing to provide appropriate levels of return, commensurate with the level of risk accepted by the Church and consistent with the Church's Responsible Investment Policy.

MTA does not charge a break rate or other penalty for the early repayment of depositors' funds. MTA is also careful to ensure that it has ample liquidity in the funds to meet demands for reduction or repayment of deposits.

For the Growth & Income Fund only, the following withdrawal policy applies:

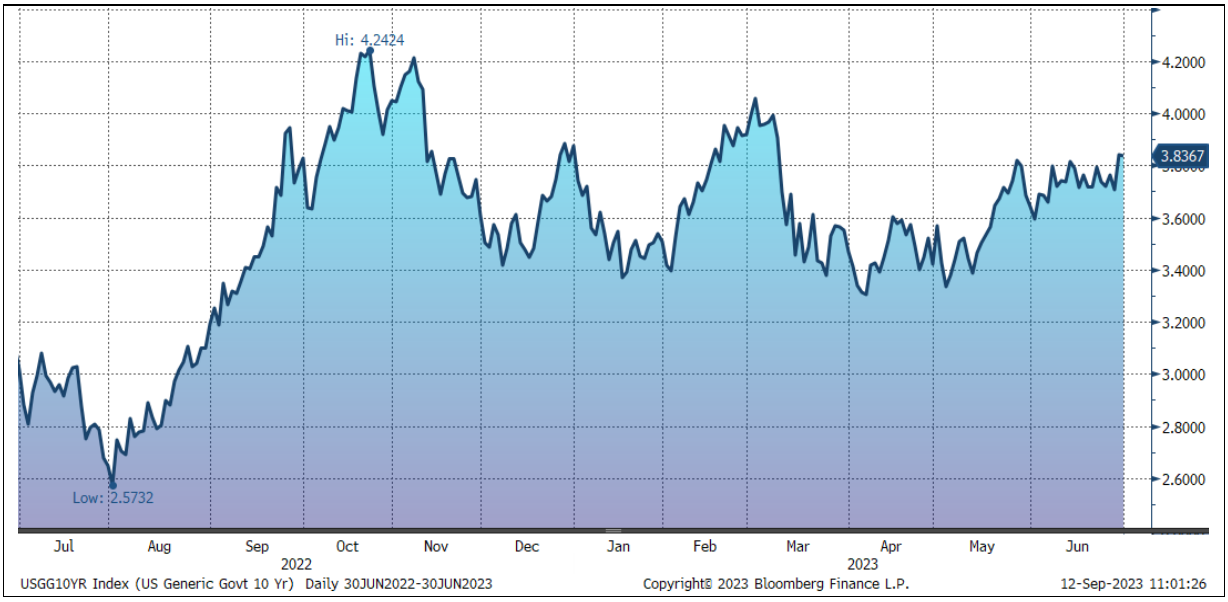
When a depositor wishes to withdraw their total Growth & Income Fund deposit during the financial year, 10% of that deposit will be retained until the financial year end on 30 June. This will ensure that the depositor shares in the capital allocation at the end of the year, whether it is a capital accretion or a capital decrease. After the capital distribution has been completed at year-end, the depositor can close their deposit and receive the balance of their account.

Markets

Global equity markets (share markets) were volatile, but ultimately performed very strongly for the financial year, despite global bond yields moving higher over the year.

The MSCI World Equity Index below, shows equities have performed strongly since the low hit in October 2022

US 10-year bond yields have increased from 3.0% to 3.8% through the financial year



All major developed equity markets produced strong returns for the June 2023 financial year.

The following table shows the home currency returns for the main developed equity markets of interest for the June 2023 year.

Market	Index	Annual Return
World	MSCI World Total Return	+18.5%
Emerging Markets	MSCI Emerging Mkt Total Return	+1.7%
US	S&P 500 Total Return	+19.6%
Europe	Stoxx 600 Total Return	+17.2%
UK	FTSE 100 Total Return	+9.1%
Australia	ASX200 Accumulation	+11.8%
New Zealand	NZX50 Gross	+9.6%

Within the MSCI Global Index the strongest performing sectors were Information Technology (+35.8%), Industrials (+24.7%) and Consumer Discretionary (+24.5%). The worst performing sectors were Real Estate (-8.5%) and Utilities (-1.1%).

Inflation is moderating as Central Banks have aggressively raised rates to slow growth and supply disruptions have largely gone away. However, inflation is still above targeted rates, with Central Banks cautiously watching economic statistics to judge whether they have done enough to bring it back to targeted levels.

The GDP growth outlook is mixed, but is slowing overall, while unemployment is expected to increase in most regions.

	GDP Growth		Inflation		Unemployment	
	2023F	2024F	2023F	2024F	2023F	2024F
Global	2.7%	2.6%	6.0%	4.1%		
New Zealand	0.7%	1.0%	5.4%	2.7%	3.8%	4.9%
Australia	1.5%	1.5%	5.5%	3.2%	3.7%	4.5%
US	2.0%	0.9%	4.1%	2.6%	3.6%	4.3%
Europe	0.7%	1.3%	6.2%	3.0%	6.7%	6.6%
UK	3.5%	-0.2%	9.0%	6.5%	3.9%	4.4%
Japan	1.6%	1.5%	2.2%	1.5%	2.6%	2.5%
China	3.3%	5.0%	2.2%	2.3%	4.1%	3.9%

The above forecasts are for the 2023 and 2024 calendar years.

With most of our equity investments being in the US share markets, much of our focus has been on what's happening in the US economy. We are seeing inflation there moderate, with most underlying measures having slowed to the levels targeted by the Federal Reserve.

Many economists and commentators have been perplexed by the US economy, expecting growth to slow more quickly and unemployment to grow more than it has. There are several factors at play here.

Firstly, covid has changed many spending and activity patterns, some of which are likely to be permanent. Most economic statistics are seasonally adjusted to compensate for normal seasonality. Unfortunately for people watching these statistics, some of that seasonality has changed due to covid, and some key numbers have subsequently been significantly revised.

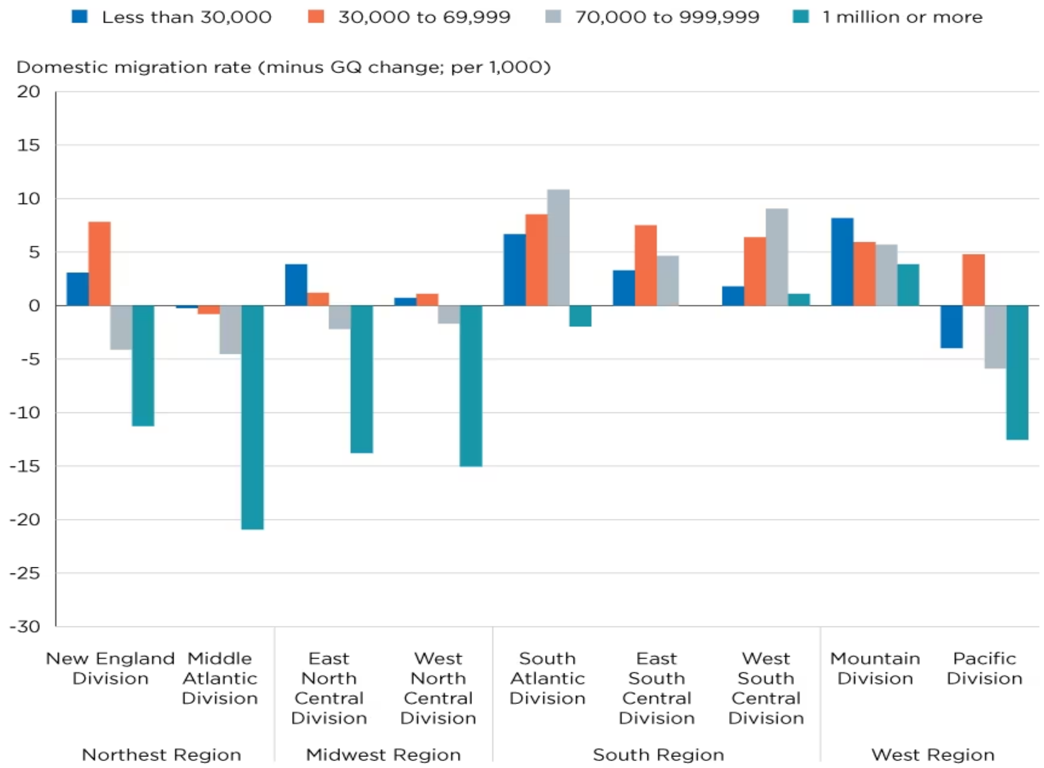
Due to covid disruptions, as well as the Ukraine war, countries and companies have focused on their supply-chain risks, looking down through multiple levels of suppliers. This has seen changes made to shorten and de-risk supply, which has led to reshoring supply back to USA or Europe, or near-shoring to countries like Canada and Mexico. It has also led to rationalization of parts and key components. In the case of things like semi-conductors, a vehicle or piece of machinery would have several different types of semi-conductor in the finished product, because the choices were made by many different suppliers. Some of this is being standardised to reduce complexity, cost and risk.

With higher freight costs (although they have now dropped back) it also made sense to source parts and components closer and to produce near the major customer markets. Reshoring has also been aided by improvements in automation, robotics and technology.

Flexible working arrangements, work from home, or work from anywhere, have changed the way many people work and removed constraints on where they can live. Companies can now access talent nationally or even globally, rather than being limited to the locations where they have offices.

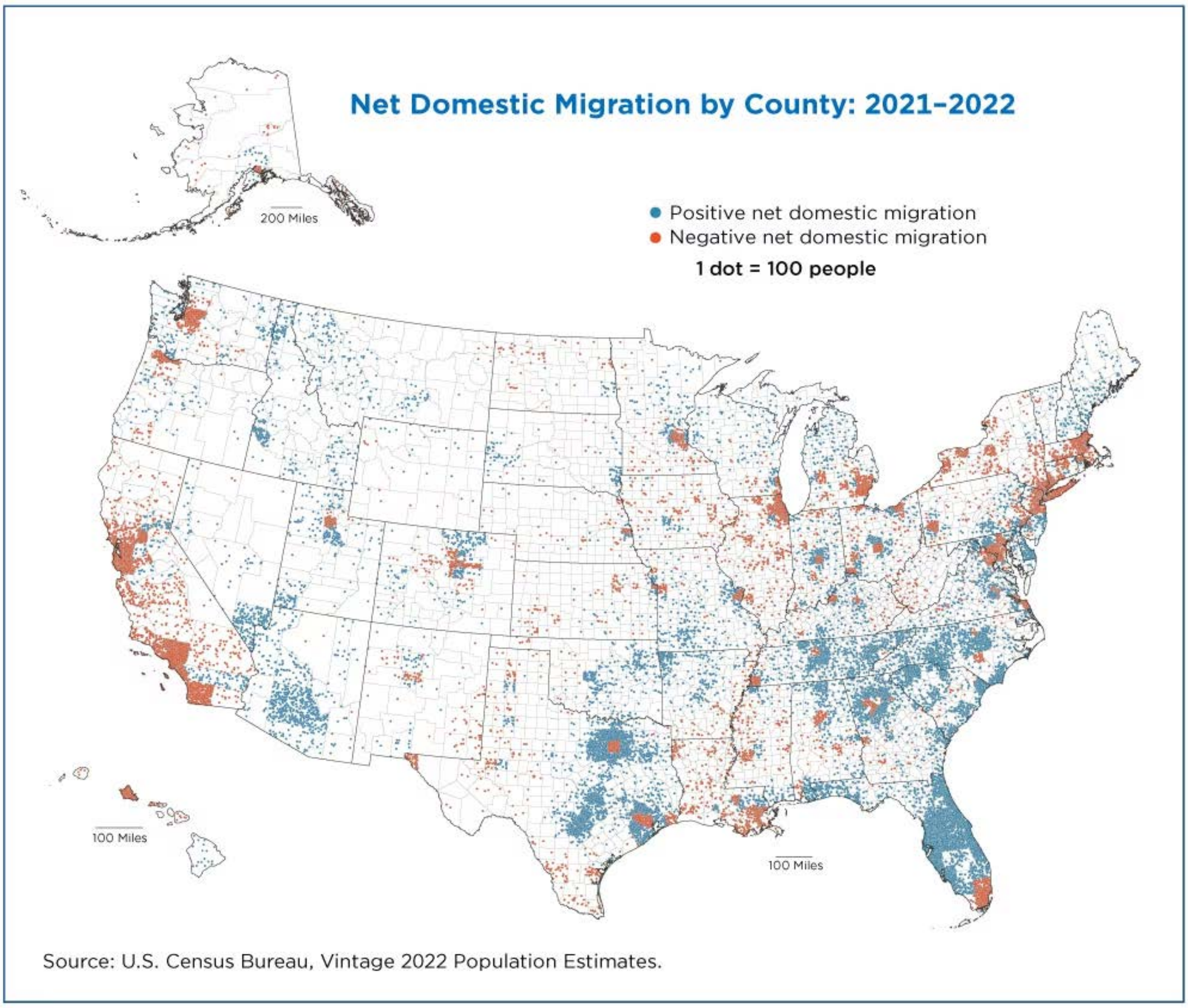
As you might expect, flexible working has impacted US domestic migration patterns. We are now seeing net migration away from most large urban areas, resulting in some small rural counties gaining population.

Figure 2.
Domestic Migration Rate for Regions and Divisions by County Size: 2022



Note: Group quarters change omitted.
Source: U.S. Census Bureau, Vintage 2022 Population Estimates.

As the following graphic shows, the migration has been out of larger cities to pretty much anywhere that suits people's lives and interests. There has been sizeable growth in central USA.



One of the surprises for economists has been the strength in new home building, which is usually very weak in a slowing economy and when interest rates are high. One look at the above graphic tells you, at least partly, why that's happening. There isn't enough existing housing in the areas people are moving to, or it's not of the standard they're wanting.

Many of these domestic migrants will have much greater spending power living in their new locations, which has further economic implications.

We are even seeing changes in air travel. Business people are increasingly combining business trips with vacations, resulting in the busiest air travel days changing from Mondays to Tuesdays and flattening the peaks and valleys, resulting in higher plane load factors.

Secondly, particularly in the USA, there has been a significant improvement in the quality and resilience of large businesses. Business models have been moving to increasing proportions of recurring revenues, as opposed to one-off sales. This has been enabled by technology, particularly cloud computing and mobile devices. Software as a service (SaaS) is the most advanced transformation example. But this is increasingly being adopted by industrial companies who sell usage rather than products. For example, plane jet engines are often owned by the manufacturers, who charge for their usage.

In the software industry, some companies saw their revenues drop by 20-30% in the 2008-9 downturn. During the current period new sales may have dropped, but revenues are still growing, albeit at a slightly lower rate, as existing customers continue to pay their regular charges. If the software is mission-critical to their business, the best a customer can do is to optimise usage, which we have been seeing, particularly in data usage at the cloud providers.

So, the environment actually is different this time, at least in some respects. We believe these changes are incredibly positive for the economy, but they complicate the situation for central bankers.

Investment Funds

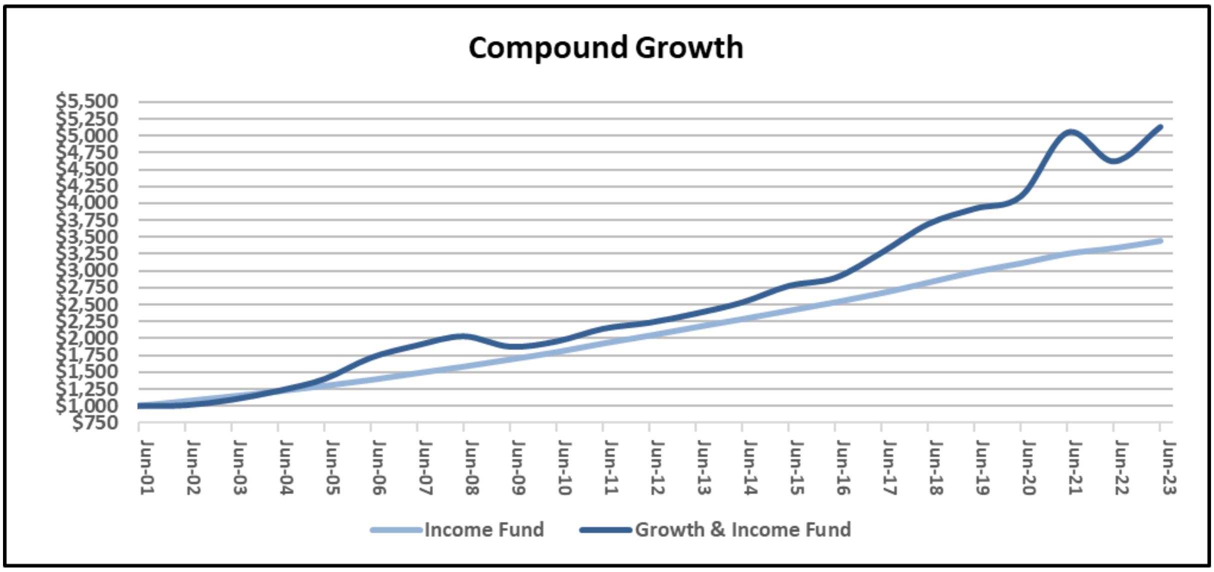
Income Distributions

The income distributions for both the Income Fund and the Growth and Income Fund (excludes capital distributions) were very pleasing, although longer bank Term-Deposits now offer higher rates than MTA, as interest rates are near their peak level.

The income distribution rates for the 2023 financial year were:

	Jun 23	Mar 23	Dec 22	Sep 22	12 Month Average Return
Income Fund	4.26%	4.00%	3.85%	3.55%	3.92%
Growth &Income Fund	2.84%	2.10%	2.87%	1.89%	2.43%

Long-Term Performance



The above chart shows the value of a $1,000 investment in either Fund on 30 June 2001, with all distributions reinvested into the Fund.

Over the 22 years from June 2001 to June 2023 MTA has provided a compound return (including capital distributions) of 5.77% for the Income Fund and 7.71% for the Growth & Income Fund.

Over the last five years the respective compound returns were 4.04% for the Income Fund and 6.76% for the Growth and Income Fund.

Over the 45-year life of MTA, the only financial years in which negative total returns have been experienced by the Growth and Income Fund were 1992, 2009 and 2022. The Growth and Income Fund will occasionally experience negative returns in the future.

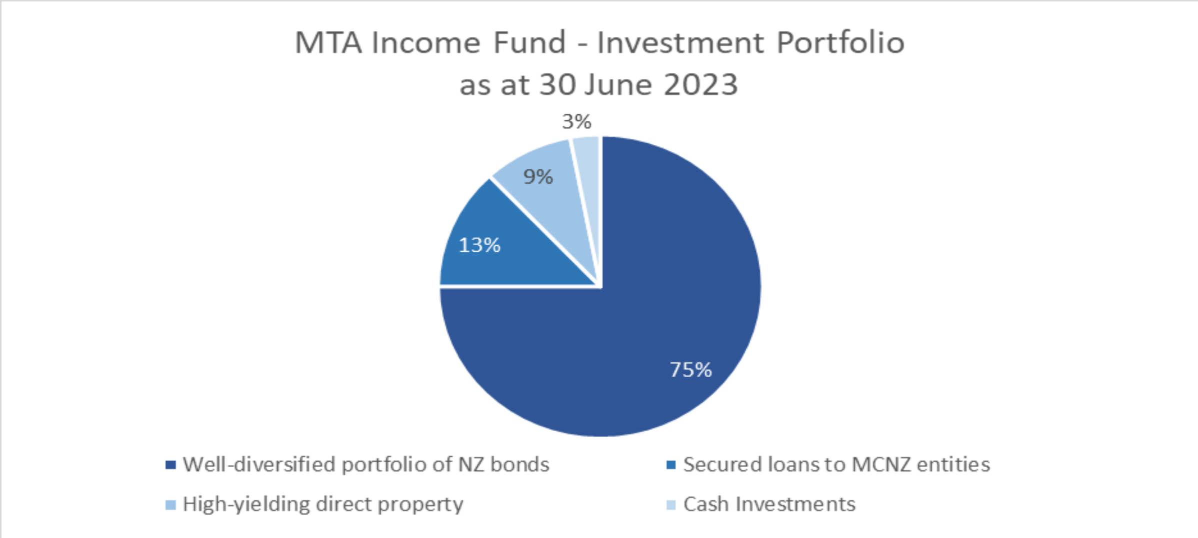
Past returns provide no indication of likely future returns.

Income Fund

Income Fund - Portfolio Performance			
Period	**Income**	**Capital Growth**	**Capital & Income**
1 Year	3.97%	-0.73%	3.24%
2 Years (p.a.)	3.24%	-0.37%	2.88%
3 Years (p.a.)	3.68%	-0.25%	3.44%
4 Years (p.a.)	3.84%	-0.18%	3.65%
5 Years (p.a.)	4.18%	-0.15%	4.04%
10 Years (p.a.)	4.83%	-0.07%	4.75%
15 Years (p.a.)	5.38%	-0.05%	5.33%
20 Years (p.a.)	5.72%	-0.04%	5.69%

The returns in the above chart reflect compounded returns. These are slightly different to the average returns we report for the one-year period.

The Income Fund's objective is to provide income returns that are superior to those available in the general market, while maintaining low risk levels, as well as sufficient liquidity to allow you access to your funds at any time, with no penalty.



In total the Fund's NZ bond portfolio currently has exposures with 28 different entities such as NZ local government, airports, electricity generators, transmission companies, large corporates, State Owned Enterprises and leading Australasian banks, providing a high level of diversification.

During 2023 we set up the Income Fund's reporting to separate the income return from the capital return. Only the income component is able to be forecast in advance.

The Income Fund annual income distribution rate for 2023 was 3.92%. The capital return component of 2023 was negative $1.16m, as MTA's valuers decreased the valuation of the Income Fund's Izone property investment, in line with property valuation decreases across the market. This reduced the total return for the year to 3.24%.

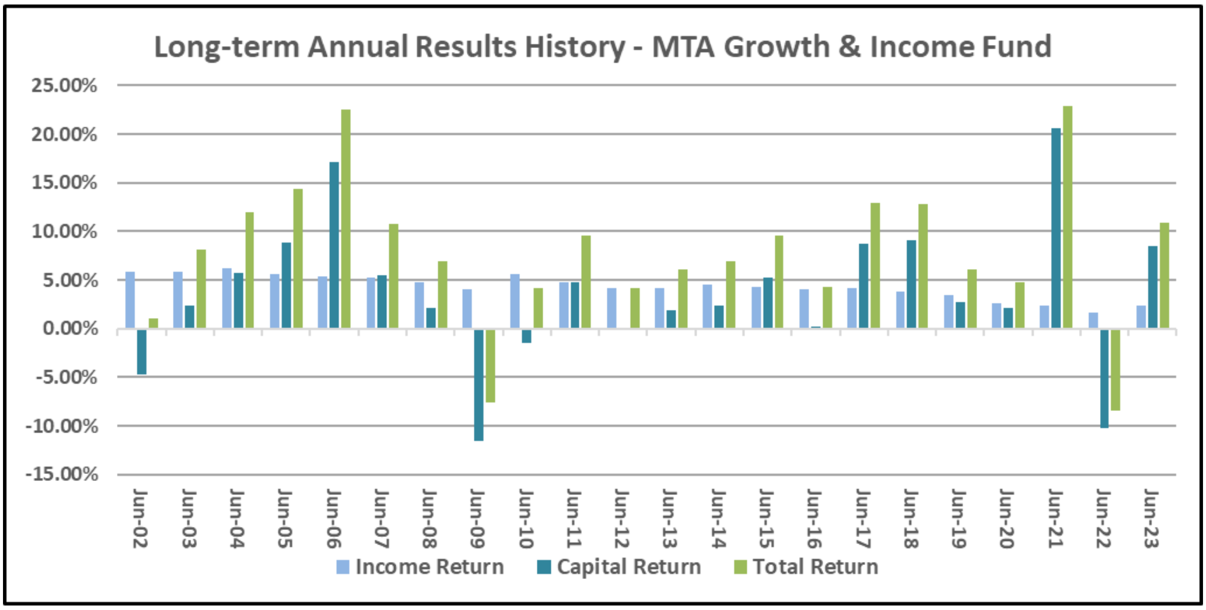
We consider this valuation to be conservative and do not expect any further reduction in the 2024 financial year. Decreases in commercial property valuations are common across the market and reflect both higher bond yields and the economic weakness currently being experienced in New Zealand.

For the Income Fund, **the annual income distribution rate for the June 2024 year is forecast to be approximately 4.10%.**

In determining its investment mix, MTA is aware that returns on your Income Fund investments must not only enable the Church to continue its operations in the short-term, but also allow the Church to enhance its resources in the longer term.

We therefore need to strike a balance between high short-term returns and locking in slightly lower but very attractive long-term rates, which will provide very attractive distributions in the years ahead. It would not be in the best interests of the Church or depositors for MTA to sacrifice higher long-term income returns, to maximise short-term income today, especially as short-term interest rates will most likely start falling within the next six to 12 months. Over time the MTA Income Fund has provided income distributions at rates significantly higher than banks have offered. We are taking steps now to ensure we can also do this in future years by buying high quality, long-dated bonds, locking in attractive rates for over ten years in many cases.

Growth and Income Fund



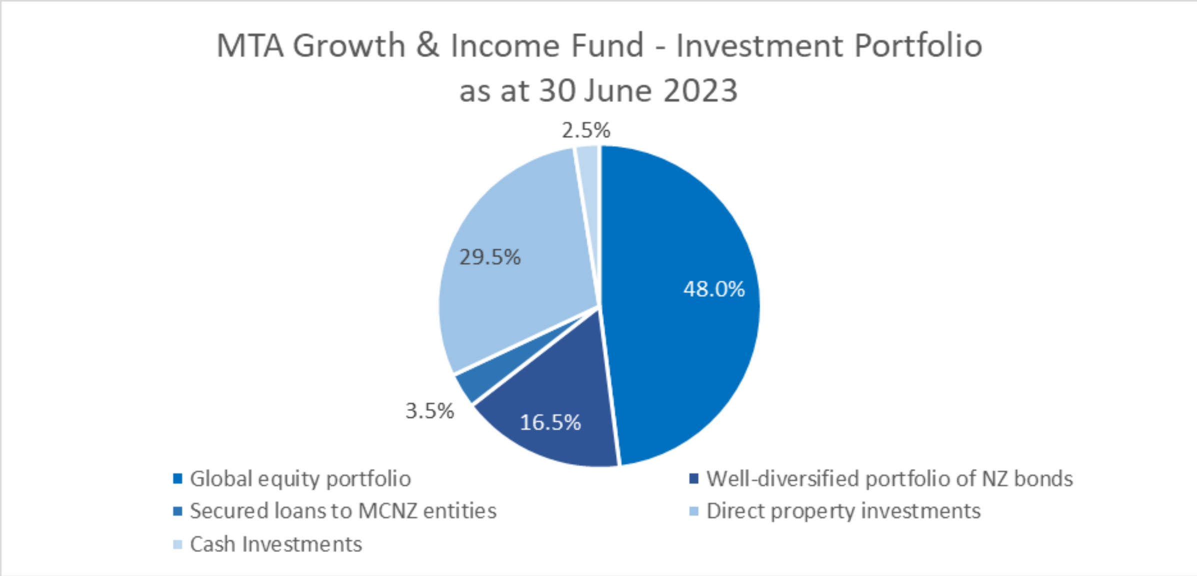
Growth & Income Fund - Portfolio Performance			
Period	**Income**	**Capital Growth**	**Capital & Income**
1 Year	2.45%	8.46%	10.91%
2 Years (p.a.)	2.07%	-1.33%	0.75%
3 Years (p.a.)	2.15%	5.50%	7.65%
4 Years (p.a.)	2.28%	4.65%	6.92%
5 Years (p.a.)	2.51%	4.26%	6.76%
10 Years (p.a.)	3.34%	4.68%	8.02%
15 Years (p.a.)	3.75%	2.61%	6.36%
20 Years (p.a.)	4.16%	3.86%	8.03%

The Growth & Income Fund's annual total return for the 2023 financial year was 10.91%, after a $18.1m capital increase, reflecting the impact of strong global equity markets.

The revaluation of the Growth and Income Fund's properties resulted in a $4.7m decrease in the combined property valuations, which was consistent with the commercial market movements.

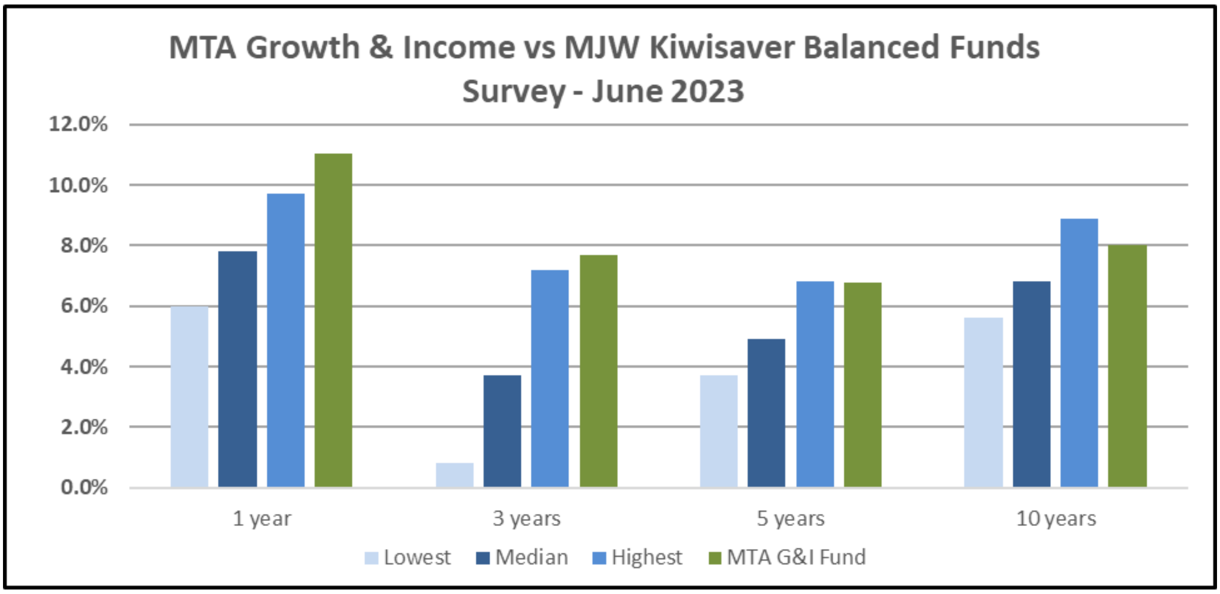
In contrast, the Fund's equity investments had a great year, gaining 27.2% and adding $18.3m to the fund.

The net result was a large capital value increase of $13.5m (+8.46%) to depositors.



The Fund's longer-term returns remain strong and compare favourably against those for similar investment funds.

MTA benchmarks its returns against other comparable investment funds and in particular looks to compare itself to the Balanced Kiwi Saver funds, which have a similar asset allocation to the Growth and Income Fund.



The above chart, using returns from the Melville Jessup Weaver Return Survey, shows the Growth and Income Fund's returns to be well above the highest fund for June 2023 financial year. For the three and five-year periods, the Fund's returns have respectively been higher and approximately equal to the highest performing funds. The ten-year return is now well above the median fund's return.

Responsible Investment

MTA's goal is to produce risk-adjusted returns that align with the values and principles of the Methodist Church, together with our investors' objectives. Putting our investors' interests first requires us to recognise and manage a wide range of global market risks and opportunities, including environmental, social and governance (ESG) factors and the impact that these factors may have on long-term investment returns.

In 2022, with assistance from Wespath, the investment vehicle of the United Methodist Church USA, we signed an agreement with Institutional Shareholder Services (ISS), the world's leading provider of corporate governance and responsible investment solutions.

We have integrated the information from ISS into our research and decision-making processes, resulting in significant efficiencies, better and more timely information. We currently use ISS and other exclusion lists to implement the Church's Responsible Investment Policy. This also now enables us to regularly report to both the Board and to depositors on Responsible Investment, segmented into:

1. Climate Impact Assessment - portfolio greenhouse gas emission exposure.
2. Norm-Based assessment - covers human rights, labour rights, environment and corruption.
3. Controversial Weapons Assessment - covers anti-personnel mines, biological weapons, chemical weapons, cluster munitions, nuclear weapons, civilian firearms and military equipment involvement.
4. Church Values assessment – covers alcohol, tobacco, gambling, adult entertainment, private prisons, nuclear bases, coal oil and gas involvement. The Church's materiality threshold for all Church Values issues have been reduced to 5% of revenues.

The Board is currently working though a significant update of the Church's Responsible Investment policy, that will incorporate the efficient and effective use of ISS information. This will enable us to stop using other external exclusion lists, which is an inefficient practice. We have already reduced materiality thresholds to 5% in all cases.

Some areas of concern for the Church are not well addressed by our traditional revenue-based exclusion list methodology. Modern slavery in investee's supply chains is a good example. We aim to move to a research-based approach, which is now market best practice. More companies will be flagged as an area for further research and investigation, which will inform management and the Board on whether those companies should be excluded from investment.

When the policy has MTA Board approval, we will then consult widely to explain our approach and receive feedback for improving the policy.

During the year some members of the Church have raised concerns with the Board regarding certain investments in the Funds. The investment team has researched these concerns, to enable the Board to fully consider the issues raised and take action as appropriate.

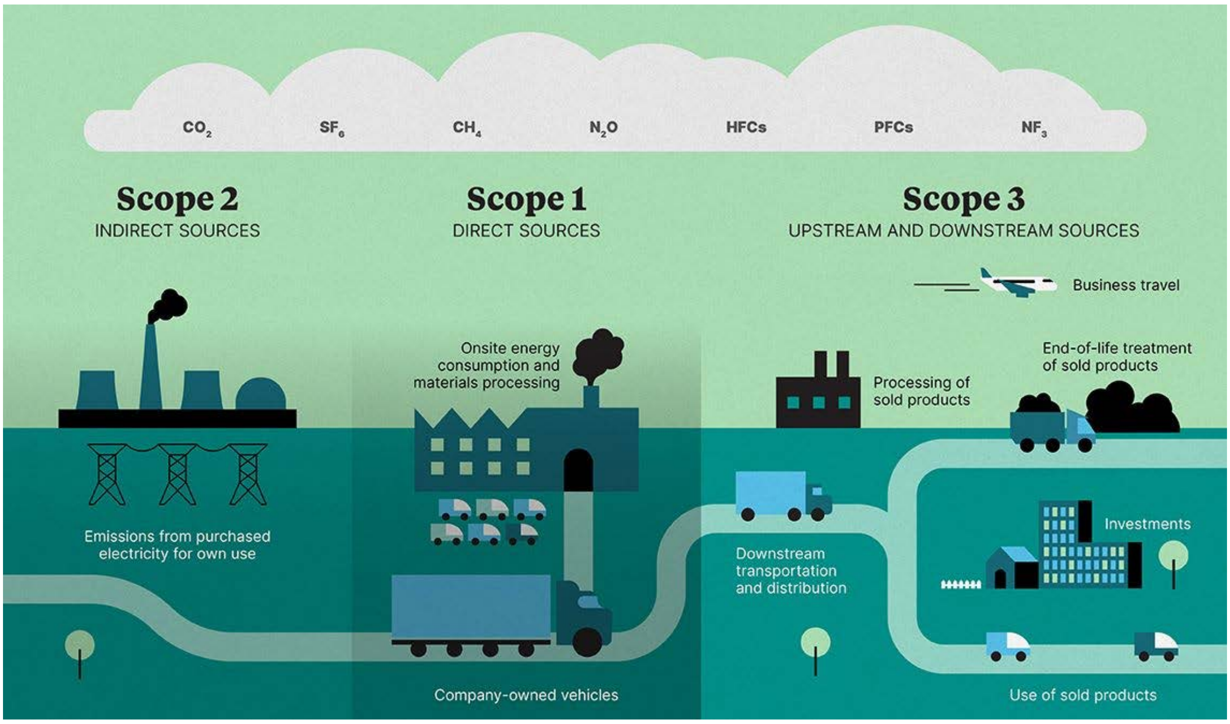
Climate Impact Assessment - Decade of Climate Justice vision ("Rekindle the Va of Papatuanuku")

The equity portfolio greenhouse gas emission exposure at 30 June 2023 was low, at only 13.8% of the MSCI benchmark's level for scope 1 & 2 emissions. These company exposure measures are backward looking, using prior financial year disclosures.

This data is only an input to decision making and doesn't take all relevant information into consideration. For example, our highest emitter, General Motors, aims to eliminate tailpipe emissions from new US light-duty vehicles by 2035, and has secured renewable energy to power all US facilities by 2025. It also aims to be carbon neutral by 2040.

Our portfolio remains aligned with a potential temperature increase of 1.5° C by 2050. We also expect this to improve further over the coming years as the companies we invest in continue to reduce their carbon intensity and footprint, like General Motors will do.

Overview of greenhouse Gas scopes and emissions



Source: Oliver Wyman Forum

The seven main greenhouse gases are: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6) and Nitrogen Triflouride(NF_3).

We are also very focused on the environment more broadly, with particular focus on reducing pollution and waste through recycling and resource use. Improving the effectiveness in these two areas would also contribute significantly to reducing greenhouse emissions.

We believe the equity portfolio is very well positioned with regard to recycling, resource use and the circular economy.

We have also sought to reduce emissions in our operations and to improve our service to depositors by:

1. From June 2023 the MTA quarterly newsletter and statements are now emailed to depositors.
2. This year's Annual Report is digital only.
3. Board papers are now digital copies.
4. 50% of Board meetings are now held digitally on-line, reducing travel costs and emissions.

Norm-Based Assessment

The Norm-Based assessment covers human rights, labour rights, environment and corruption. ISS flags two of our holdings, UBS Group and Volkswagen, with amber warnings for past failures that have now been fixed.

For UBS Group the flag was for human rights.

For Volkswagen, which has since been exited, the flag was for environment.

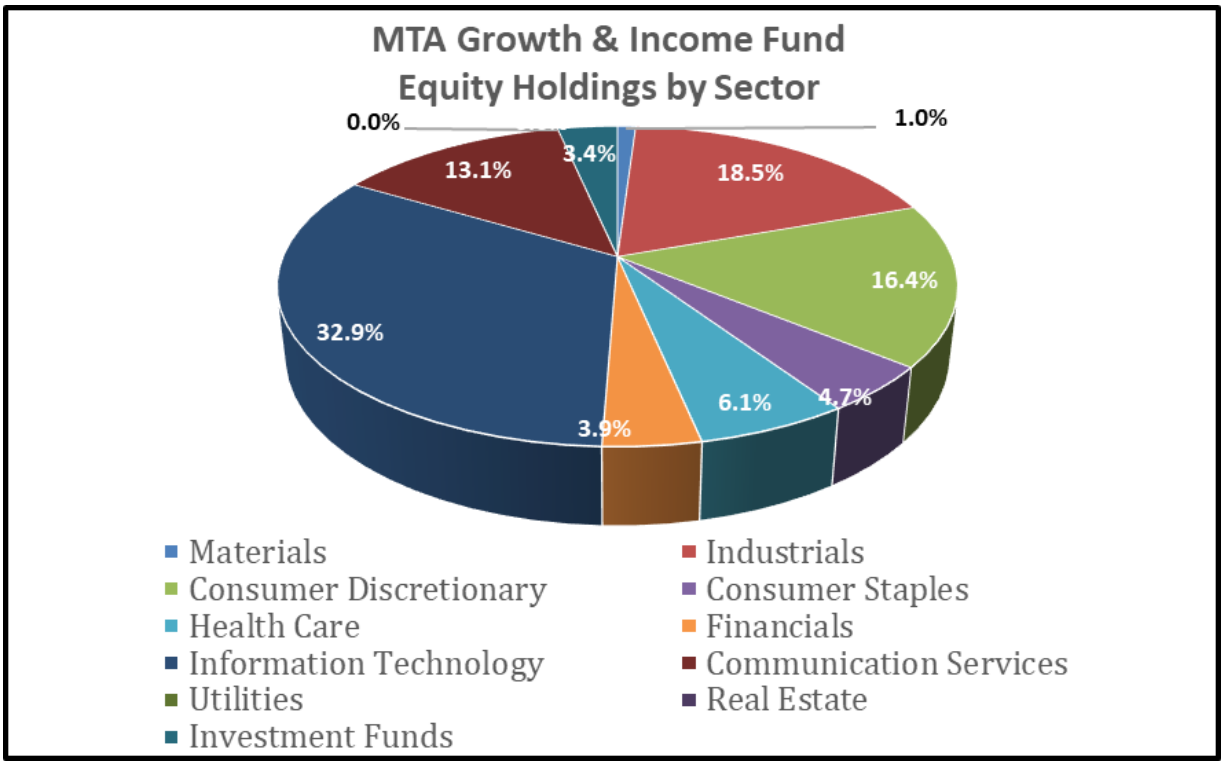
Controversial Weapons Assessment

The Controversial Weapons assessment covers anti-personnel mines, biological weapons, chemical weapons, cluster munitions, nuclear weapons, civilian firearms and military equipment involvement. ISS flags two of our holdings, General Motors and Microsoft, as having minimal military equipment involvement for "non-combat equipment" only.

Methodist Church Values Assessment

The Church Values assessment, in addition to the above items, includes alcohol, tobacco, gambling, adult entertainment, private prisons, nuclear bases, coal oil and gas involvement. ISS indicates that none of our portfolio companies have involvement in any of these issues, which is above the Church's materiality threshold of 5% of revenues.

The Growth & Income Fund's equity investments are listed in Appendix I, with the following pie-chart showing the Fund's sector breakdown on 30 June 2023.



MTA does not own any companies listed on any of the exclusion lists we currently use. MTA is confident that all its holdings comply with the Church's Responsible Investment Policy and expectations.

Board Membership

There were no changes to the Board during the 2023 financial year.

Appreciation

MTA thanks the Church for its continued support during 2023.

MTA also acknowledges the work of the staff of the Connexional Office seconded to the work of MTA.

Dave Johnston

David Johnston
Chair
Methodist Trust Association

Stephen Walker
Executive Officer
Methodist Trust Association

Appendix I **Growth & Income Fund Equity Holdings at 30 June 2023**

Region	Name	Sector	Industry	Holding	Market Value (NZD)	Weight
New Zealand	ArborGen Holdings	Materials	Materials	1,330,000	266,000	0.3%
New Zealand	Comvita Limited	Consumer Staples	Household & Personal Products	1,184,555	3,447,055	4.0%
New Zealand	EBOS	Health Care	Health Care Equipment & Services	39,253	1,442,548	1.7%
New Zealand	Fisher & Paykel Healthcare Corp Ltd	Health Care	Health Care Equipment & Services	26,550	650,475	0.8%
New Zealand	Ryman Healthcare Limited	Health Care	Health Care Equipment & Services	396,776	2,610,786	3.0%
New Zealand	The a2 Milk Company Ltd	Consumer Staples	Food, Beverage & Tobacco	108,087	578,265	0.7%
					8,995,129	**10.4%**
Australia	Brambles	Industrials	Commercial & Professional Services	91,700	1,435,365	1.7%
					1,435,365	**1.7%**
Europe	DEUTSCHE BOERSE NA O.N.	Financials	Financial Services	2,950	888,257	1.0%
Europe	Husqvarna AB Series B	Industrials	Capital Goods	476,944	7,036,264	8.2%
Europe	Novozymes B A/S	Materials	Materials	8,200	623,438	0.7%
Europe	Temenos N Ord	Information Technology	Software & Services	3,480	451,600	0.5%
Europe	Tomra Systems Ord	Industrials	Capital Goods	130,500	3,428,301	4.0%
Europe	UBS Group AG	Financials	Financial Services	64,180	2,118,455	2.5%
Europe	VOLKSWAGEN AG VZO O.N.	Consumer Discretionary	Automobiles & Components	5,410	1,184,304	1.4%
Europe	Worldline Ord	Financials	Financial Services	6,390	380,373	0.4%
					16,110,993	**18.7%**
Americas	Advanced Drainage Systems Inc	Industrials	Capital Goods	4,200	779,951	0.9%
Americas	Applied Materials Inc	Information Technology	Semiconductors & Semiconductor Equipment	8,600	2,029,639	2.4%
Americas	Cerence Ord	Information Technology	Software & Services	15,960	761,402	0.9%
Americas	General Motors Co	Consumer Discretionary	Automobiles & Components	101,160	6,366,459	7.4%
Americas	Microsoft	Information Technology	Software & Services	1,460	811,471	0.9%
Americas	MongoDB Inc	Information Technology	Software & Services	9,890	6,634,064	7.7%
Americas	Neurocrine Biosciences Inc	Health Care	Pharmaceuticals, Biotechnology	3,720	573,148	0.7%
Americas	New York Times Cl A	Communication Services	Media & Entertainment	82,401	5,296,150	6.1%
Americas	NICE Ltd	Information Technology	Software & Services	25,390	8,557,263	9.9%
Americas	Palo Alto Networks, Inc. Common Stock	Information Technology	Software & Services	15,230	6,351,260	7.4%
Americas	PTC Inc	Information Technology	Software & Services	3,840	891,843	1.0%
Americas	Rocket Lab USA Inc	Industrials	Capital Goods	336,130	3,291,627	3.8%
Americas	Sabre Corporation	Consumer Discretionary	Consumer Services	224,170	1,165,303	1.3%
Americas	Shopify Cl A Sub VTG Ord	Information Technology	Software & Services	5,750	606,251	0.7%
Americas	Skyline Champion Corporation	Consumer Discretionary	Consumer Durables & Apparel	50,790	5,425,503	6.3%
Americas	Ziprecruiter CL A Ord	Communication Services	Media & Entertainment	207,637	6,018,660	7.0%
Americas	Zuora, Inc. Class A	Information Technology	Software & Services	72,621	1,300,232	1.5%
					56,860,229	**65.9%**
	Listed Equities				**83,401,715**	**96.6%**

Appendix I **Growth & Income Fund Equity Holdings at 30 June 2019**

Region	Name	Sector	Industry	Holding	Market Value (NZD)	Weight
New Zealand	Macquarie Global infrastructure Trust	Investment Funds	Investment Funds	543,962	-	0.0%
New Zealand	Pioneer Capital Partners II	Investment Funds	Investment Funds	2,000,000	384,916	0.4%
New Zealand	Pioneer Capital Partners III	Investment Funds	Investment Funds	1,000,000	832,502	1.0%
New Zealand	Pioneer Capital Partners IV	Investment Funds	Investment Funds	1,500,000	780,299	0.9%
New Zealand	Kode Biotech Ltd	Investment Funds	Investment Funds	111,500	390,250	0.5%
New Zealand	Pencarrow IV Fund	Investment Funds	Investment Funds	200,000	2,300	0.0%
New Zealand	Public Infrastructure Partners	Investment Funds	Investment Funds	1,000,000	541,224	0.6%
	Private Equity Funds				**2,931,491**	**3.4%**
	Total Equities				**86,333,206**	**100.0%**

Sector Summary	Weight
Energy	0.0%
Materials	1.0%
Industrials	18.5%
Consumer Discretionary	16.4%
Consumer Staples	4.7%
Health Care	6.1%
Financials	3.9%
Information Technology	32.9%
Communication Services	13.1%
Utilities	0.0%
Real Estate	0.0%
Investment Funds	3.4%
Total	**100.0%**

Industry Group	Weight
Materials	1.3%
Capital Goods	10.1%
Commercial & Professional Serv	1.4%
Automobiles & Components	8.0%
Consumer Durables & Apparel	4.4%
Retailing	1.1%
Food, Beverage & Tobacco	0.7%
Household & Personal Products	3.7%
Health Care Equipment & Servic	3.6%
Pharmaceuticals, Biotechnology	4.6%
Diversified Financials	1.6%
Software & Services	37.6%
Semiconductors & Semiconducto	5.2%
Media & Entertainment	10.0%
Utilities	1.5%
Real Estate	0.4%
Investment Funds	5.0%
Total	**100.0%**

Performance Report

Methodist Trust Association

30 June 2023

Table of Contents

Directory

BOARD OF TRUSTEES:

REGISTERED OFFICE:

50 Langdons Road
Papanui
Christchurch 8041

NATURE OF BUSINESS:

The Association is authorised to receive funds by way of deposits from groups under the general direction of the Conference of the Methodist Church of Aotearoa New Zealand, and to invest these funds in selected commercial investments for the benefit of its depositors. *(Section 10: 14.3.1 of the Laws and Regulation of the Methodist Church of New Zealand Te Hāhi Weteriana O Aotearoa). The Association's business is to support the mission of the Methodist Church of New Zealand and therefore all of its income is distributed to its depositors so they are better able to meet the mission of the Church.*

REGISTRATION NUMBERS:

Charities Services Registration Number:	CC22846
Charitable Trust Registration Number:	212136

INDEPENDENT AUDITOR:

PKF Goldsmith Fox Audit Limited
Chartered Accountants
100 Moorhouse Ave
Christchurch

Statement of Service Performance

General

The New Zealand Methodist Trust Association was formally incorporated under the Charitable Trusts Act 1957 on the 23rd of August 1977. It is also known as the Methodist Trust Association or simply, the MTA.

History

Prevailing inflationary pressures in 1976 meant that the investments of many of the smaller Church Trusts were reducing in real value. A report from the Investment Board was presented to the Methodist Church of New Zealand Conference in 1976 that set out the investing arrangements within the Church at that time.

Conference recognised that there was a need to amalgamate the funds held by smaller trusts of the Church, to enable larger amounts of capital to be invested for better returns. The intention was to pool the resources of the Church and help the Church continue with its Mission within New Zealand.

The report recommended that the MTA be established, with the main objective being "to make secure and rewarding investments consistent with Christian ethics". Conference accepted this recommendation, and the Methodist Trust Association was registered in 1977.

There are a number of documents that the MTA uses to ensure that the objectives set out within its constitution, the Laws and Regulations of the Methodist Church of New Zealand and the Decisions of the Conference of the Methodist Church are adhered to.

The guiding documents include the Trust's:

- Constitution
- Statement of Investment Policies and Objectives (SIPO)
- Responsible Investment Policy
- Strategic Plan

Why Does the Methodist Trust Association Exist?

The primary objective of the Methodist Trust Association is to amalgamate available funds into a Common Fund and to invest those funds so that it provides an investment service to the Methodist Church of New Zealand.

The MTA exists to receive monies which are ultimately the property of the Conference of the Methodist Church of New Zealand (the Church) and to collaboratively invest those funds for the benefit of the Church. The MTA does not receive deposits that are not ultimately the property of the Conference of the Methodist Church of New Zealand.

The MTA is by its nature and constitutional arrangements an internal investment fund for the Methodist Church of New Zealand. It is not therefore required to produce investment statements or prospectuses for intending depositors, as the MTA and the depositors are jointly and severally owned by the Conference of the Methodist Church of New Zealand.

The operation of the MTA is also governed by the Laws and Regulations of the Methodist Church of New Zealand and, where not inconsistent with New Zealand secular law, the MTA is required to follow these Laws and Regulations and relevant Conference decisions.
In addition, the MTA provides investment advice and guidance on responsible investment within the Methodist Church. The Board see this as an important role as the Methodist Church seeks to deal with many of the social issues affecting New Zealand and the world in which we live.

The MTA is a registered charitable trust under the provisions of the Charitable Trusts Act 1957 and is also a registered charity under the Charities Act 2005. The MTA functions at all times to maintain and protect its charitable nature and status.

What did the Methodist Trust Association do during the Year?

Depositor and Returns to Depositor Information

The following table outlines key information not found elsewhere within the Performance Report. This information provides context regarding who the MTA supports, and how that support is measured.

Key Measures	2023	2022
Total Number of Depositors	224	223
Total Number of Depositors Accounts	612	598
Total Amount of Depositors Funds	$332.2 million	$313.6 million
Increase (Decrease) to Depositors Funds (in dollars) from previous year	$18.6 million	($4.2 million)
Returns on the Income Fund (Income)	3.92%	2.51%
Returns on the Income Fund (Capital)	(-.73%)	Nil
Returns on the Growth and Income Fund (Income)	2.43%	1.70%
Returns on the Growth and Income Fund (Capital)	8.46%	(-10.18%)
Income Distributions to Depositors	$10.1 million	$6.7 million
Capital Distributions to Depositors	$12.4 million	($18.1 million)
All investments comply with the criteria detailed in the SIPO	Yes	Yes

Responsible Investment

The Methodist Trust Association's goal is to produce strong risk-adjusted returns that also align with the values and principles of the Church. Putting depositors' interests first requires the MTA to recognise and manage a wide range of global market risks and opportunities, including environmental, social and governance (ESG) factors and the impact that these factors may have on long-term investment returns.

To achieve this:

- ESG factors are integrated into our investment decision-making process, both as a source of risk mitigation and an opportunity for enhanced returns.
- Norm-Based Research is integrated into our investment decision-making process as an input to active ownership strategies.
- MTA employs values/ethical screens, to avoid certain companies and industries that do not align with the Church's values and standards.

MTA is a member of the Church Investors Group in the UK, which represents institutional investors from many mainstream Church denominations and church related charities, mainly based in the UK and Europe.

Meetings and discussions with the Church Investors Group are helpful in keeping the MTA up to date with developments in practice and thinking on Responsible Investment.

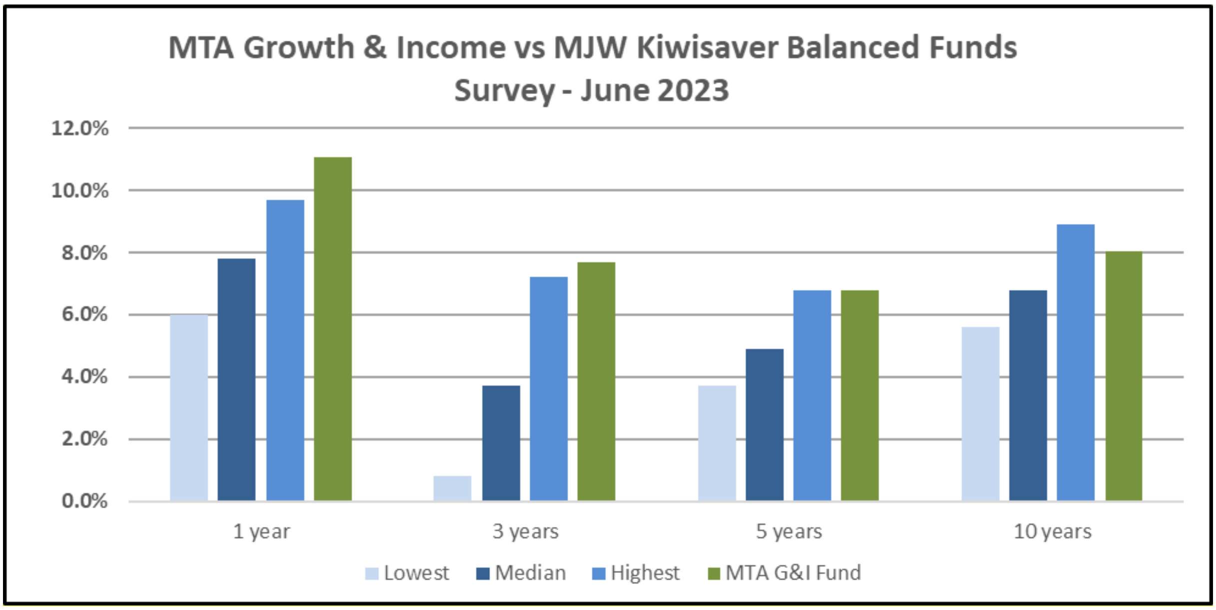
The Methodist Church of New Zealand contracted with Institutional Shareholder Services (ISS) in April 2022. ISS is a leading provider of corporate governance and responsible investment solutions, market intelligence, and fund services for institutional investors and corporations globally. ISS empowers investors and companies to build for long-term and sustainable growth by providing high-quality data, analytics and insight.
Materiality thresholds used in the exclusion screens are set at 5% of revenues.
None of the companies that MTA owns appear on ISS' values, ethical or energy and extractives (coal, oil & gas) screens. ISS's norm-based research also doesn't raise any concerns for the companies MTA owns. The MTA Board is confident that all its holdings comply with the Church's Responsible Investment Policy and expectations.

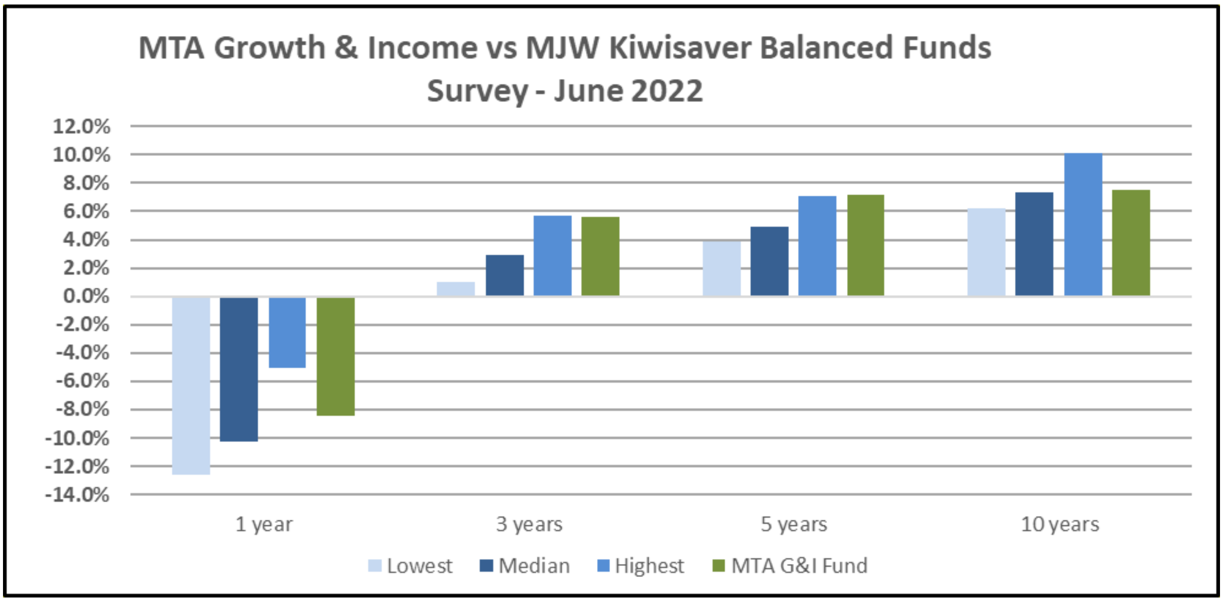
Investment Benchmarking

The MTA benchmarks its returns against a number of investment funds and in particular looks to compare itself to the Balanced Kiwi Saver funds, which have a similar asset allocation to the Growth and Income Fund.

The following charts, using returns from the Melville Jessup Weaver Return Survey which are used for comparative purposes. These graphs show that in 2022 the Growth and Income Fund's returns were better than the survey's median for June 2022 financial year. For the three and five-year periods, the Fund's returns have been approximately equal to the highest performing funds. The ten-year return was slightly above the median fund's return.

In 2023 the Growth and Income Fund's returns were better than the highest performing survey funds for both the 1 and 3-year periods, while the 5-year return was level with the highest return. The ten year return has improved to now be well above the median survey fund's return.




MTA Growth & Income vs MJW Kiwisaver Balanced Funds Survey - June 2022
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
-2.0%
-4.0%
-6.0%
-8.0%
-10.0%
-12.0%
-14.0%
1 year
3 years
5 years
10 years
Lowest
Median
Highest
MTA G&I Fund

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the Year Ended 30 June 2023

	NOTES	2023	2022
REVENUE			
Dividends Received		908,125	1,140,450
Company Debenture Interest		5,315,584	3,436,871
Other Interest Received		1,462,520	1,041,977
Interest Received - Bank Deposits		120,797	59,495
Money Market Interest		180,511	65,115
Gross Rental Income		4,112,923	3,837,378
Other Revenue		137,832	113,028
TOTAL REVENUE		**12,238,292**	**9,694,314**
EXPENSES			
Management Fee Expense	5, 14	1,431,071	1,338,700
Rental Property Expenses		427,220	597,188
Other Expenses	6	223,809	322,295
TOTAL EXPENSES		**2,082,100**	**2,258,183**
SURPLUS FOR THE PERIOD		**10,156,192**	**7,436,131**
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Realised Gains (Losses)			
Realised Gains (Losses) on Sale of Investments		6,189,127	9,610,141
Realised Hedging Gains (Losses)	10	(1,062,963)	(5,897,671)
Realised Exchange Rate Gains (Losses)		-	(113,376)
Unrealised Gains (Losses)			
Revaluation of Investments - Bonds and Shares		13,017,564	(26,611,435)
Revaluation of Investments - Property	8	(5,875,000)	3,625,000
Unrealised Hedging Gains (Losses)	10	5,702	(484,013)
Exchange Rate Gains (Losses)	7	66,661	183,858
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		**12,341,091**	**(19,687,496)**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD		**22,497,283**	**(12,251,365)**
SURPLUS ATTRIBUTABLE TO DEPOSITORS		**22,497,283**	**(12,251,365)**
LESS AMOUNTS DISTRIBUTED TO DEPOSITORS			
Capital Accretion Distributed	13	12,381,366	(18,087,713)
Income Distributed	13	10,110,878	6,702,246
TOTAL AMOUNTS DISTRIBUTED TO DEPOSITORS		**22,492,244**	**(11,385,467)**
TRANSFERRED TO (FROM) DEPOSITORS FUNDS		**5,042**	**(865,898)**

Goldsmith Fox Audit PKF

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF CHANGES IN DEPOSITORS FUNDS
For the Year Ended 30 June 2023

	NOTES	2023	2022
Depositors Funds			
Opening Balance 1 July		313,624,964	317,850,408
Increase (Decrease) in Depositors Funds		18,549,597	(4,225,444)
Closing Balance 30 June		332,174,561	313,624,964
Undistributed Capital Reserve	11		
Opening Balance 1 July		-	307,580
Increase (Decrease) in Undistributed Capital Reserves		-	(307,580)
Closing Balance 30 June		-	-
Building Maintenance Reserve	11		
Opening Balance 1 July		1,489,291	1,361,965
Increase (Decrease) in Building Maintenance Reserve		127,327	127,326
Closing Balance 30 June		1,616,618	1,489,291
Accumulated Comprehensive Revenue and Expenses			
Opening Balance 1 July		(13,544)	544,774
Transfers from Undistributed Capital Reserves		-	307,580
Increase (Decrease) in Accumulated Comprehensive Revenue and Expense		5,042	(865,898)
Closing Balance 30 June		(8,502)	(13,544)
Total Net Amount Due to Depositors		**333,782,677**	**315,100,711**

Goldsmith Fox PKF Audit

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	NOTES	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	7	13,752,598	8,651,436
Receivables		10,809	31,107
Current Portion of Company Debentures		10,078,662	14,029,923
Accrued Dividends and Interest		810,846	664,195
Total Current Assets		**24,652,915**	**23,376,661**
Non-current Assets			
Shares		83,401,715	76,929,725
Company Debentures		137,997,888	119,808,272
Private Equity		3,464,050	5,170,600
Loans	14	26,231,419	19,123,672
Investment Property	8	66,500,000	72,375,000
Total Non-current Assets		**317,595,072**	**293,407,269**
TOTAL ASSETS		**342,247,987**	**316,783,930**
LIABILITIES			
Current Liabilities			
Creditors	9	7,913,314	1,146,180
Income Received in Advance		73,685	53,023
Other Financial Liabilities	10	478,311	484,013
Total Current Liabilities		**8,465,310**	**1,683,216**
TOTAL LIABILITIES		**8,465,310**	**1,683,216**
NET ASSETS		**333,782,677**	**315,100,713**
NET AMOUNTS DUE TO DEPOSITORS			
Depositors Funds		332,174,560	313,624,964
Reserves	11	1,616,618	1,489,291
Accumulated Comprehensive Revenue and Expense		(8,502)	(13,544)
TOTAL NET AMOUNTS DUE TO DEPOSITORS		**333,782,677**	**315,100,711**

These Financial Statements were approved on behalf of the Board on 01 September 2023

DocuSigned by:
David Johnston
7FF4D8F3B96D41B...

Chairperson

DocuSigned by:
819725177872477...

Secretary

Goldsmith Fox PKF Audit

Methodist Church of New Zealand
Te Hāhi Weteriana O Aotearoa
NEW ZEALAND METHODIST TRUST ASSOCIATION

CASH FLOW STATEMENT
For the Year Ended 30 June 2023

	Notes	2023	2022
Cash flows from Operating Activities			
Receipts from Exchange Transactions			
Dividends Received		907,923	1,140,450
Company Debenture Interest		5,168,933	3,326,489
Other Interest Received		1,462,520	1,041,977
Interest Received - Bank Deposits		120,797	59,495
Money Market Interest		180,511	65,115
Gross Rental Income		4,154,085	3,965,530
Other Revenue		137,832	106,028
		12,132,601	9,705,084
Payments			
Management Fee Expense	5,14	1,489,731	1,220,359
Rental Property Expenses		300,086	468,968
Other Expenses	6	221,919	321,686
		2,011,736	2,011,013
Net Cash flows from Operating Activities		10,120,865	7,694,071
Cash Flows from Investing Activities			
Receipts from Investing Activities			
Shares		43,512,158	51,083,652
Company Debentures		25,326,181	55,183,445
Private Equity		1,412,184	69,245
Loans	14	2,792,253	11,892,329
Bank Deposits		-	70,482
		73,042,776	118,299,153
Payments			
Shares		21,579,533	64,041,245
Company Debentures		40,201,895	69,400,047
Loans	14	9,900,000	-
		71,681,428	133,441,292
Net Cash flows from Investing Activities		1,361,348	(15,142,139)
Cash Flows from Financing Activities			
Receipts			
From Depositors		40,574,501	50,941,336
		40,574,501	50,941,336
Payments			
Income and Capital Distributions to Depositors	13	2,446,054	827,330
Repayments to Depositors	13	44,509,498	50,601,981
		46,955,552	51,429,311
Net Cash flows from Financing Activities		(6,381,051)	(487,975)
Net Increase / (Decrease) in Cash		5,101,162	(7,936,043)
Opening Cash		8,651,436	16,587,479
Closing Cash		13,752,598	8,651,436
This is represented by:			
Cash and Cash Equivalents	7	13,752,598	8,651,436

Notes to the Financial Statements

1. Reporting Entity

The reporting entity is New Zealand Methodist Trust Association (the "MTA" or "Association"). The MTA is domiciled in New Zealand and is a charitable organisation registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The financial statements comprising the MTA are presented for the year ended 30 June 2023.

These financial statements and the accompanying notes summarise the financial results of activities carried out by the MTA. The Association is authorised to receive funds by way of deposits from groups under the general direction of the Conference of the Methodist Church of Aotearoa New Zealand, and to invest these funds in selected commercial investments for the benefit of its depositors. Deposits from groups that are not under the general direction of the Conference will not be accepted.

These financial statements have been approved and were authorised for issue by the Board of Trustees on 01 September 2023.

2. Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, MTA is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3. Changes in Accounting Policy

No changes to the accounting policies have been applied in the preparation of the financial statements.

4. Summary of Accounting Policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to these financial statements.

4.1 Basis of Measurement

These financial statements have been prepared on the basis of historical cost, as modified by the fair value measurement of investment properties, non-derivative financial instruments and certain financial instruments measured at amortised cost.

4.2 Functional and Presentational Currency

The financial statements are presented in New Zealand dollars ($), which is the MTA's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

Offshore balances in bank accounts are revalued into New Zealand dollars on balance date using exchange rates on balance date.

Purchases and sales of offshore investments are valued into New Zealand dollars on the day the transaction occurred. Investment balances are then revalued again on balance date.

4.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the MTA and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from non-exchange transactions
The MTA does not derive any revenue from non-exchange transactions.

Revenue from exchange transactions

Interest revenue
Interest and dividend revenue is recognised as it accrues, using the effective interest method through the Statement of Comprehensive Revenue and Expense.

Rental Revenue
Rental revenue is recognised on a straight-line basis in the Statement of Comprehensive Revenue and Expense.

4.4 Financial Instruments

Financial assets and financial liabilities are recognised when the MTA becomes a party to the contractual provisions of the financial instrument.
The MTA derecognises a financial asset or, where applicable, a part of a financial asset when the rights to receive cash flows from the asset have expired or are waived, or the MTA has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- MTA has transferred substantially all the risks and rewards of the asset; or
- MTA has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial Liabilities are derecognised if the MTA's obligations specified in the contract expire, are discharged, or are cancelled.

(a) Financial assets

Financial assets within the scope of *NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through the Statement of Comprehensive Revenue and Expense.

These are loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The initial recognition category determines subsequent measurement and whether any resulting revenue and expense is recognised in the Statement of Comprehensive Revenue and Expense.

The MTA's financial assets include cash and cash equivalents, short-term deposits, receivables from exchange transactions and investments.

All financial assets except for those at fair value through the Statement of Comprehensive Revenue and Expense are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or MTA of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

(b) Financial assets at fair value through the Statement of Comprehensive Revenue and Expense

Financial assets at fair value through the Statement of Comprehensive Revenue and Expense include items that are either classified as held for trading or that meet certain conditions and are designated at fair value through the Statement of Comprehensive Revenue and Expense upon initial recognition. All derivative financial instruments fall into this category, except for those designated as hedging instruments or a derivative that is a financial guarantee contract. The MTA's investments in equities fall into the category of held for trading financial assets through the Statement of Comprehensive Revenue and Expense.

All financial assets including properties, shares and overseas bank accounts held in foreign currencies are revalued on an annual basis at balance date. It is the MTA's policy to distribute such revaluations or devaluations to the accounts of the Growth and Income Fund depositors. In the event of a deposit being withdrawn, in total, net accretion distributions are reversed to deferred capital distributions and redistributed from realised capital profits as available. Realised capital profits are distributed as credits to Depositors and previous accretion revaluations thus realised are reversed from deferred capital distribution.

As it is the MTA's policy that at least 10% of maturing deposits be retained when depositors have funds in a Growth and Income deposit It is therefore highly unlikely that any depositors' accounts in Growth and Income would become overdrawn in the event of a capital decretion.

In respect to revaluations in the Income Fund, the policy of MTA is to take either in part or in full the revaluations or devaluations directly to revenue and distribute these to depositors. In the event of a deposit being withdrawn, in total, net accretion or decretion are added or deducted from other deposits held by the depositor.

The basis for determining Fair Value is as follows:

Shares/Venture Capital and Infrastructure
Fair values are established at balance date using prices quoted at balance date using active market prices.

Company Debentures/Transferable Certificates/Government and Local Body Stock
The fair values are established at balance date by adding the accrued interest from the last interest payment date to balance date. Any premium or discount on purchase is spread over the term of the investment on a straight-line basis.

This class of financial asset is normally held to maturity.

Investment Properties
Fair values are established at balance date by independent valuation by a registered valuer.

Other Financial Assets and Liabilities
Other Financial Assets and Liabilities relate to the MTAs hedging policies. Hedges in place as at balance date are recorded at fair value using exchange rates that would have applied if the hedges in place at balance date had been closed out.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The MTA's cash and cash equivalents and receivables from exchange transactions fall into this category of financial instruments.

(d) Impairment of financial assets

The MTA assesses at the end of the reporting date whether there is objective evidence that a financial asset is impaired. A financial asset is assessed as being impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the MTA first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the MTA determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a class of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not Included for reassessment in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in the Statement of Comprehensive Revenue and Expense.

(e) Financial liabilities

The MTA's financial liabilities include trade and other creditors.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through the Statement of Comprehensive Revenue and Expense) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through the Statement of Comprehensive Revenue and Expense.

Trade and Other Creditors are unsecured and usually paid within 30 days of recognition.

4.5 Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

4.6 Short Term Investments

Short term investments comprise term deposits which have a term of greater than three months and less than 12 months and therefore do not fall into the category of cash and cash equivalents.

4.7 Nature and Purpose of Reserves

The MTA creates and maintains reserves in terms of specific requirements.

Building Maintenance Reserve
A provision for maintenance has been calculated at 1% per annum on the original purchase cost of the buildings.

Undistributed Realised Capital Reserve
The MTA Board makes decisions from time to time to not fully distribute all of its realised capital reserves and hold them back for the following financial year. The Board makes decisions on the distribution of any realised capital reserves held at each quarterly distribution.

4.8 Investment Properties

Investment properties are properties held either to earn rental Income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs. Investment properties acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Subsequent to initial recognition, investment properties are measured at fair value as determined by an independent registered valuer. Fair value is determined without any deductions for transaction costs that may be incurred on sale or other disposal. Any gain or losses arising from a change in the fair value of the investment property are recognised as a surplus or deficit in the period that it is incurred through the Statement of Comprehensive Revenue and Expense.

4.9 Significant Judgments and Estimates

In preparing the financial statements, the Board is required to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. The uncertainty from these assumptions and estimates could result in outcomes that may result in a material adjustment to the carrying amount of the asset or liability.

The MTA has based its assumptions and estimates on parameters available when the financial statements are prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the MTA. Such changes are reflected in the assumptions when they occur.

The key significant judgements and estimates used in the preparation of these financial statements relate to the fair values estimated for investment properties (Note 8).

4.10 Income Tax

Due to its charitable status, the MTA is exempt from Income tax.

4.11 New standards, amendments and interpretations not yet effective nor early adopted

The MTA is currently assessing the impact of or has implemented a number of new standards or amending standards issued by the External Reporting Board. At this time the MTA has no plans to early adopt them prior to the effective date issued by the External Reporting Board.

PBE IPSAS 1 Presentation of Financial Statements
Amendments were made to PBE IPSAS 1 which has become effective from 1 January 2022. These amendments provided for more disclosures regarding the going concern of the reporting entity in light of the COVID-19 pandemic. This has been fully adopted.

Amendments were also issued in May 2023 for the need to disclose audit firms services which will become effective for accounting periods on or after 1 January 2024. This amendment has been adopted.

PBE IFRIS 17 Insurance Contracts
The MTA has assessed the effects of this Standard and has determined that it has no effect on these accounts or the operation of the MTA (effective from accounting periods on or after 1 January 2026).

PBE FRS 48 Service Performance Reporting
This standard was issued in November 2017 by the New Zealand Accounting Standards Board (NZASB) External Reporting Board (XRB) and establishes requirements for Tier 1 and Tier 2 public benefit entities to select and present service performance information. This standard has become effective for reporting

periods beginning on or after 1 January 2022 with early adoption permitted. The MTA early adopted this standard for 2022 but has now fully implemented the standard.

Amongst other things, PBE FRS 48 requires that this information includes:

- sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this; and
- information about what the entity has done during the reporting period in working towards its broader aims and objectives.

2022 Omnibus Amendments to PBE Standards

These amendments are effective for reporting periods beginning on or after 1 January 2023 (early application permitted). The MTA has assessed the effect of this standards and has determined that it has no material effect on these accounts or the operation of the MTA.

5. Management Fee Expense

The Board of Administration administers the investments and provides other secretarial services to the MTA by the direction of Conference. The Board of Administration is paid a management fee for this work. The MTA deem the Board of Administration to be a related party and further disclosures are made under Note 14. As at 30 June 2023 an amount of $357,768 was payable to the Board of Administration (also see notes 9 and 14).

6. Other Expenses

Corporate costs are shared between the funds using the amounts of the depositors' funds held at balance date. Shared corporate costs include:

	2023	2022
Investment Information Systems	47,231	39,420
Brokerage	82,174	172,175
Custody Security Services	51,605	69,977
Governance Expenses	9,000	8,250
Audit fee	14,750	13,286
Travel Costs	2,779	-
Subscriptions	169	1,687
Printing and Stationery Costs	7,826	6,867
Other Expenses	8,277	10,633
Totals	**223,809**	**322,295**

7. Cash and Cash Equivalents

Part of cash and cash equivalents (2023: $455 – 2022: $655) includes the MTA's share of the common bank account held in the name of the Methodist Church of New Zealand – Board of Administration. This account is held with the Bank of New Zealand and is used for the operating transactions of the funds administered by the Connexional Office of the Board of Administration of the Methodist Church of New Zealand. The arrangement gives the Bank of New Zealand the right of offset over any balance.

The bank interest received by MTA through the banking arrangement is included in Other Interest Received in the Statement of Comprehensive Revenue and Expense for the year.

The MTA use an external custodian to hold most of its financial assets. The external custodian has cash accounts in the name of the MTA, and these are also included in cash and cash equivalents as the accounts are liquid and able to be drawn down within 30 days.

Included within Cash and Cash Equivalents are a number of overseas bank accounts. As at balance date an unrealised exchange gains of $66,661 were recognised (2022: $183,858 – Gain).

Goldsmith Fox PKF Audit

8. Investment Properties

	2023	2022
Great North and Newton Road, Auckland	$39,000,000	$42,500,000
Izone Drive, 30 Link Drive Rolleston, Christchurch	$27,500,000	$29,875,000
	$66,500,000	$72,375,000

Reconciliation between the carrying amounts of investment property at the beginning and end of the period:

Great North and Newton Road, Auckland

	2023	2022
Beginning Carrying Value	$42,500,000	$39,500,000
Net gains or losses from fair value adjustments	($3,500,000)	$3,000,000
End of the Period Carrying Value	$39,000,000	$42,500,000

Izone Drive, 30 Link Drive Rolleston, Christchurch

	2023	2022
Beginning Carrying Value (MTA Share)	$29,875,000	$29,250,000
Net gains or losses from fair value adjustments	($2,375,000)	$625,000
End of the Period Carrying Value (MTA Share)	$27,500,000	$29,875,000

Valuations have been provided by:

Great North and Newton Road, Auckland

Mr. S Keenan and Mr. G Tee of Savills New Zealand, registered valuers.
This investment property is tenanted by John Andrew Ford.

The last rent review was 1 March 2021 and then every five years on 1 March (the next being 1 March 2026 through to the expiry of the lease on 31 January 2032).

The major assumptions made in the valuation report are:

- For the purposes of the valuation the lease payments are net, the term of the lease is 20 years with 5 yearly rent reviews.
- The valuation assumes that the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently and without compulsion.
- The assessment of value has regard to the existing lease obligations and commitments and disregards any possibility of either a premium payable by a specific third party or the property being sold under forced sale conditions.

Goldsmith Fox Audit PKF

- The valuer has assessed an appropriate yield (Equated Market Yield) to apply as at 30 June 2023 of 5.17% (2022:4.50%) with a quoted discount rate of 7.50% (2022:6.50%).
- The market value has been determined using the capitalisation of yield and the discount rate and applying these to the annual lease payment and then reconciled the values together with the other information presented in the full report.

Izone Drive, 30 Link Drive Rolleston, Christchurch

In 2023 the valuation for 30 Link Road in Christchurch was undertaken by Mr. S. Ansley (registered Valuer and Grayson Papatua (Graduate Valuer) of CVAS (CHC) Limited trading as Colliers. In 2022 the valuers used were TelferYoung.

The MTA has a 50% holding in the property. The other 50% share is held by TIM Nominees Limited which is not related to the MTA or the Methodist Church.

This investment property is tenanted by The Warehouse South Island Distribution Centre. The Warehouse Limited has leased the property for a term of 10 years commencing 20 March 2017. The last rent review was in 2021. The next rent review will occur in 2024. Rents will increase based upon the lesser of Consumers Price Index or market rent.

The other assumptions made in the valuation report are:

- Assumed that the instructions and subsequent information supplied by the MTA contain a full and frank disclosure of all information that is relevant.
- There are no easements, rights of way or encroachments except those shown on the Computer Freehold Registers or in the valuation. A current survey had not been sighted.
- The valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey or report and/or advice from a Registered Surveyor. If any encroachments are noted by the survey report the valuer reserves the right to review their valuation.
- There is an assumption that there will be no major economic downturn during the cashflow projection period, beyond that envisaged at the date of valuation.
- The valuer has inspected all readily accessible parts of the improvements considered necessary for the purposes of our valuation. They have not sighted a sighted a structural survey of the improvements, nor its plant and equipment, by a qualified engineer. The valuer is not a building construction and/or structural expert and is therefore unable to certify as to structural soundness of the improvements.
- The valuation is plus GST (if any).
- The valuer has assessed an appropriate effective market yield to apply as at 30 June 2023 of 7.75% on market income (2022: 6.50%) with an internal rate of return of 8.82% (2022:7.68%), a weighted average lease duration of 3.72 years (2022:4.7 years).

9. Creditors

An amount of $357,768 in Creditors represents Management Fees payable to the Board of Administration (2022 - $416,428). Also see Note 14.

As at balance date there were unsettled purchases of investments of $7,528,313 (2022: $704,214).

No amounts were payable to depositors who closed their deposit account part way through the year but entitled to a distribution at the end of the financial year (2022: $0).

The balance in Creditors relate to other expenses accrued by the MTA that are made in the ordinary course of business.

10. Other Financial Assets/Liabilities

Currency profits and losses are accrued over each accounting year and recognised as part of the annual capital accretion/decretion calculation.

Changes in the fair value of the hedge contracts are recorded in the Statement of Comprehensive Revenue and Expense, together with the changes in the fair value of the hedged items.

MTA hedges its foreign exchange exposures in respect of its offshore equity and bond investments. The hedging benchmark level for offshore equity is 50%, with hedging allowed within a range of 0-100% hedged. The hedging benchmark level for offshore bonds is 100%, with hedging allowed within a range of 95-105% hedged.

Foreign currency exposures are quantified by the best assessment of the actual exposure. For equities this will generally be each investment's functional reporting currency, *"the currency of the primary economic environment in which the entity operates"*.

As at 30 June 2023 the MTA had a forward exchange contract with a fair value loss of $478,311 (2022 – $484,013-loss). The hedging contracts in place at balance date are as follows:

Fair Value of Hedging Contracts 30 June 2023

Purchase Date	Purchase Amount	Currency	Maturity Date	Gain (Loss)
15 June 2023	Buy $NZ701,273.05 at 0.9204	AUD	28 September 2023	7,008
15 June 2023	Buy $NZ1,582,267.39 at 0.5615	EUR	28 September 2023	(25,920)
15 June 2023	Buy $NZ1,730,436.10 at 6.5636	NOK	28 September 2023	(4,585)
15 June 2023	Buy $NZ3,229,374.43 at 6.6174	SEK	28 September 2023	(293)
15 June 2023	Buy $NZ30,942,728.44 at 0.6126	USD	28 September 2023	(454,521)
			Total	**(478,311)**

Fair Value of Hedging Contracts 30 June 2022

Purchase Date	Purchase Amount	Currency	Maturity Date	Gain (Loss)
27 June 2022	Buy $NZ1,058,009.23 at 0.9102	AUD	30 September 2022	(7,055)
27 June 2022	Buy $NZ1,862,348.18 at 0.5928	EUR	30 September 2022	6,011
27 June 2022	Buy $NZ2,208,353.03 at 6.3450	SEK	30 September 2022	9,112
27 June 2022	Buy $NZ39,996,822.37 at 0.6294	USD	30 September 2022	(492,081)
			Total	**(484,013)**

Realised losses on hedging contracts for the 12 months ended 30 June 2023 amounted to $1,062,963 (2022 – $5,897,671 losses).

11. Equity Reserves

Building Maintenance Reserve

	2023	2022
Opening Balance-Building Maintenance Reserve	$1,489,291	$1,361,965
Add Current Year's Provision	$127,327	$127,326
Closing Balance-Building Maintenance Reserve	$1,616,618	$1,489,291

The building maintenance reserve has been calculated at 1% per annum on the original purchase cost of the buildings. The amount added to the reserve for 30 June 2023 was $127,327 (2022: $127,326) with no write backs to the Provision for actual work undertaken on the John Andrew Ford building during the year (2022: $0).

The balance in the Undistributed Capital Reserves (2023: $0 – (2022: $0)) relates to undistributed amounts to depositors held back from the current and previous years' distribution. During the 12 months ending 30 June 2022 the balance was fully distributed to depositors.

12. Auditor's Remuneration

PKF Goldsmith Fox Audit Limited provides audit services to the MTA and is paid to provide those services.

Total amount recognised for as an audit expense is $14,750 (2022: $13,286). No non-audit services were provided by PKF Goldsmith Fox Audit Limited for the period ending 30 June 2023 (2022: Nil).

13. Distributions to Depositors

Distributions have been calculated on the basis of revenue derived from investments and revaluations of investments made by the Income Fund and the Growth and Income Fund less corporate expenses which are allocated pro-rata over both the Income Fund and the Growth and Income Fund. Corporate Expenses are allocated equally over the participants in Income Fund and also the Growth and Income Fund by using the amounts of the depositor's funds held at balance date.

14. Related Party Transactions

Conference of the Methodist Church of New Zealand

The MTA was constituted by resolution of the Conference of the Methodist Church of New Zealand to accept deposits from groups and organisations within the Methodist Church of New Zealand and to invest these funds in appropriate commercial investments. The MTA operates equitably on behalf of all depositors with substantially all annual net revenue paid to depositors by quarterly distribution.

Unless otherwise stated, all the entities recorded here as related parties report to the Conference of the Methodist Church of New Zealand. The New Zealand Methodist Trust Association also reports to the Conference of the Methodist Church and this link establishes a related party transaction.

Goldsmith Fox PKF Audit

PACT 2086 Trust
The MTA has commonality of control with the PACT 2086 Trust, due to shared Board Members. The MTA made a secured loan available to PACT 2086 Trust.

Board of Administration, Methodist Church of New Zealand
Both the Board of Administration and the MTA were constituted by Conference. The MTA therefore believes that transactions that are material and significant to the MTA should be disclosed to the users of the financial statements.

Management Fee Expense
The calculation of the management fee paid to the Board of Administration was agreed by the MTA in July 2022 as a fixed amount. The agreed amount for the 12 months ending 30 June 2023 was $1,431,071(2022 - $1,338,700). The management fee is to be adjusted from 1 July 2023 by the Consumer Price Index issued by StatsNZ for the 12 months ending 31 March. The management fee expense on the Income Funds is charged at 7.00% (2022 7.00%) of rental and other investment income with the balance of the annual management fee expense charged to the Growth and Income Fund. This Management Fee is paid to the Board of Administration, Methodist Church of New Zealand (also see Note 5).

Loan
In September 2016 a loan facility was put in place between MTA and the Board of Administration to help fund the development of the Board of Administration's Connexional Office and Archives Building in Papanui, Christchurch. This was rolled over by the MTA in 2022 until 2024. The total amount that may be advanced to the Board of Administration is $2,200,000 plus interest. To secure the loan, the MTA has a registered mortgage over the land and buildings at 50 and 54 Langdons Road, Papanui, Christchurch. As at balance date, the amount outstanding on the loan was $2,102,612 (2022: $2,128,097).

Other Methodist Church Entities - Loans
All the investment loans that the MTA have on their balance sheet relate to entities that report to or are under the control of the Conference of the Methodist Church of New Zealand. While these entities do not meet the formal definition of a related part under *PBE IPSAS 20 - Related Party Disclosures*, the MTA has disclosed its commitments for loans under Note 17.

Leonard Knight Limited
As at balance date, David Johnston is the Chairperson of the MTA. He is also the Managing Director of Leonard Knight Limited, a chartered accountancy firm located in Auckland. MTA made payments of $9,000 to Leonard Knight Limited (2022: $8,250). Leonard Knight Limited have not provided an accounting or audit services to the MTA.

No other trustee of MTA is paid a remuneration.

15. Key Management Personnel
The key management personnel are classified as:

• Members of the governing body (Board of Trustees);
• Senior Management Group, responsible for reporting to the governing body.

David Johnston is the current Chairperson (also see Note 14 regarding payments made to Leonard Knight Limited).

No close members of the family of any of the key management personnel have received payments or remuneration.

No individual member of key management personnel or close family members of the key management personnel have been advanced a loan or have a loan outstanding either during the reporting period or at year end.

The Board does receive key management personnel services from the Board of Administration Methodist Church of New Zealand. The MTA have assessed the Board of Administration as a related party and have disclosed in Note 14. The management fee expense disclosed in Note 14 includes key management personnel services but not as a separate identifiable amount and therefore the aggregate remuneration cannot be calculated.

The aggregate remuneration paid and the number of persons (measured in "fulltime-equivalents (FTE's) for Senior Management Group) receiving remuneration is as follows:

	2023	2022
Number of Individuals (FTEs)	1.0	1.0

16. Financial Assets – Credit, Liquidity, Interest Rate Risks

Credit Risk:
Financial assets which potentially subject the MTA to credit risk principally consist of bank balances, investments and other receivables.

Liquidity Risk:
Liquidity risk is the risk that the MTA may encounter difficulty in raising funds to meet its financial commitments as they fall due. The MTA has internal procedures in place to manage such risk.

Interest Rate Risk:
Interest rates have a material effect on the performance of the MTA as its main objective is to earn revenue from investments. The MTA is subject to fluctuations in interest rates on term deposits and company debentures and uses short term and long-term investment strategies to minimise the impact to the MTA.
At balance date, the MTA's financial instruments are subject to the following interest rate fluctuations:

	Interest Rate Yield		**Interest Rate Review Period**
	2023	**2022**	
Deposits on Call	3.72%	0.88%	Simple annual average floating daily rate
Debentures/Bonds	0.73% to 6.22%	0.73% to 5.73%	Fixed to maturity (Yields)

Liabilities (Depositors Funds)	2023	2022	
Income Fund	3.55% to 4.26%	(0.00% to 3.58%)	quarterly
Growth and Income Fund	1.89% to 2.87%	(1.41% to 1.90%)	quarterly

The liabilities to depositors exclude the capital accretion distributions made to depositors in the June distributions and only reflects income distributions made.

Fair Values
The carrying amounts of financial assets are considered to be fair value for all the MTA's financial assets.

17. Capital Commitments

The MTA have approved loans to Christchurch Methodist Mission of up to $1,000,000. This loan was fully repaid during the financial year ending 30 June 2023 (2022: Balance outstanding $500,000) (also see Note 14).

The MTA has approved a loan to the Board of Administration of the Methodist Church of New Zealand of up to $2,200,000 for five years secured by a second mortgage over property at 50 and 54 Langdons Road, Christchurch (CT 684673 and 684674) in May 2022. This was a rollover of an existing loan that had expired. As at balance date $2,102,612 (2022:$2,128,097) was payable by the Board of Administration (also see Note 14).

In March 2023 the MTA had approved a loan to the Grafton Downs Limited of up to $15,000,000 for two years secured by a first mortgage over property at 173 Sim Road, Paerata, Auckland (title reference NA847/276). During the year ending 30 June 2023 the loan was drawn down to the value of $9,400,000 but $2,000,000 was also repaid during the year with a balance outstanding as at 30 June 2023 of $7,400,000 (2022:$0) (also see Note 14).

The MTA has approved a loan to the Airedale Property Trust of up to $25,400,000. During the financial year ending 30 June 2022 the loan was fully repaid.

The MTA has approved a loan to the Airedale Property Trust of up to $13,000,000 for five years secured by a first mortgage over on all the land in NA 48C/1002 being Lot 1 DP73772 and Lot 9 DP22201. As at 30 June 2023 the whole of the loan was drawn down (2022: $0).

The MTA has approved two loans to Wesley Wellington Mission Incorporated. One loan is up to $5,700,000 for twenty five years secured by a first mortgage over property at 249 Rata Street, Naenae, Lower Hutt (title reference WN715/22. As at balance date $3,228,807 (2022: $3,495,575) was payable by Wesley Wellington Mission Incorporated. The second loan is up to $2,700,000 for five years from the date of the first down (expiry date of June 2028) secured by a mortgage over property at 249 Rata Street, Naenae, Lower Hutt (title reference WN715/22. As at balance date $500,000 (2022: $0) had been drawn down (also see Note 14).

18. Contingent Assets and Liabilities

There are no contingent assets or liabilities at the reporting date. (2022: $Nil).

Goldsmith Fox Audit PKF

19. Events after the Reporting Date

There have been no events after balance date.

20. Description of Funds

Income Fund

This fund primarily holds investments with short term maturity dates where the primary focus is on short term investment yields however it does hold an investment in a property for long term income purposes.

Growth and Income Fund

This fund holds a mixture of investments whose primary focus is on growth but with some income.

21. Going Concern

These financial statements have been prepared on a going concern basis. The MTA currently enjoys the support of and is reliant on its depositors and the Conference of the Methodist Church of New Zealand in order to carry out its charitable work within the Methodist Church of New Zealand. The Board of the MTA have conducted an appraisal of ability to continue into the foreseeable future and the Board believes that the MTA will be able to meet its financial and regulatory obligations for the foreseeable future and that the going concern assumption adopted in the preparation of these financial statements is appropriate.

22. Other Information

During 2022 Russia started to use force to take over parts of Ukraine. Many countries considered that Russia had declared war on its neighbour which has forced other countries to act in defence of Ukraine. This has had an impact of trade and has also affected the economic outcomes of many countries. This war has affected inflation and the cost of products and services. The MTA is aware of these outcomes and has factored this into its short- and medium-term projections.

The financial statements have been prepared on a going concern basis and the Board has had to assess whether circumstances likely to occur within one year from the date of approval of these financial statements support this basis of preparation.

As the MTA is a Fund of the depositors the net assets of MTA belong to the depositors. The MTA financial statements, as presented, do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the MTA be unable to continue as a going concern and meets its debts as and when they fall due as the Board believes that this is highly unlikely as an outcome.

In 2022, in the Statement of Financial Position, “Venture Capital and Infrastructure” has been renamed as “Private Equity” as this better reflects the type of investments being made. Investments amounting to $2,511,550 (in 2022) were reclassified from “Shares” to “Private Equity” in the Statement of Financial Position.

There are no other matters or circumstances since the end of the reporting period, not otherwise dealt with in these financial statements that have significantly or may significantly affect the operations of the MTA.

Goldsmith Fox PKF Audit

INDEPENDENT AUDITOR'S REPORT

To the Trustees of the New Zealand Methodist Trust Association

Opinion

We have audited the performance report of the New Zealand Methodist Trust Association (the "entity"), which comprise the financial statements on pages 6 to 25, and the service performance information on pages 2 to 5. The complete set of financial statements comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive revenue and expenses, statement of changes in depositors funds, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying performance report presents fairly, in all material respects:

- the financial position of the entity as at 30 June 2023, and its financial performance, and its cash flows for the year then ended; and

- the service performance for the year ended 30 June 2023 in that the service performance information is appropriate and meaningful and prepared in accordance with the entity's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards (Not For Profit) – Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, for our audit procedures, for this report, or for the opinion we have formed.

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 The Audit of Service Performance Information (NZ). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Service Performance Information section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Trustees' Responsibilities for the Performance Report

The Trustees are responsible on behalf of the entity for:

- The preparation, and fair presentation of the performance report in accordance with Public Benefit Entity Standards (Not For Profit) – Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board;

- The selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with the applicable financial reporting framework;

- The preparation and fair presentation of service performance information in accordance with the entity's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework;

- The overall presentation, structure and content of the service performance information in accordance with the applicable financial reporting framework; and

- Such internal control as the Trustees determine is necessary to enable the preparation of a performance report that is free from material misstatement, whether due to fraud or error.

In preparing the performance report, the Trustees are responsible, on behalf of the Trust, for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Performance Report

Our objectives are to obtain reasonable assurance about whether the performance report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these performance reports.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Evaluate whether the selected service performance criteria are suitable so as to result in service performance information that is in accordance with the Public Benefit Entity Standards (Not For Profit) – Reduced Disclosure Regime.

- Identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the performance report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the performance report and service performance information, including the disclosures, and whether the performance report and service performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Goldsmith Fox Audit

PKF Goldsmith Fox Audit Limited
Christchurch, New Zealand
1 September 2023